



# HOUSE BUDGET COMMITTEE

## Democratic Caucus

The Honorable John M. Spratt Jr. ■ Ranking Democratic Member

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## Republican Reconciliation Cuts Services and Increases Deficit

Dear Democratic Colleague:

On September 7, Congressional Democrats wrote to the Republican leadership and asked them to suspend reconciliation in light of the Katrina disaster. They responded to our letter by agreeing to a temporary delay. Although we are still calling on them to suspend the process, authorizing committees are now expected to mark up reconciliation the week of October 17, and the House Budget Committee is likely to mark up the combined reconciliation spending submissions the week of October 24. Every Democrat voted against the Republican budget resolution this year, and we should all oppose the Republican reconciliation bill required by their budget resolution as well.

The Republican reconciliation proposal was a serious mistake before Hurricane Katrina. In the wake of Katrina and now Rita, the Republican budget is an even bigger mistake. Simply put, we should not be cutting programs benefitting our most vulnerable and cutting taxes for our most fortunate, while adding \$35 billion to the deficit. Adopting deficit-financed tax cuts at a time when the costs of Katrina and likely costs of Rita are huge and growing by the day is particularly misguided.

In total, reconciliation will increase the deficit by \$35 billion over five years while cutting resources for essential programs. Although reconciliation will be divided into two separate bills – a bill that cuts spending by \$35 billion and a bill that cuts taxes by \$70 billion – this division should not obscure the nature of the process. The use of reconciliation to cut funding for mandatory programs and at the same time increase the deficit is bad policy, and contrary to the purpose of reconciliation.

In light of the disastrous effects of Hurricane Katrina and the likely costs of Rita, moving forward with reconciliation would be particularly misguided. The Republican spending cuts are likely to target key safety net programs, including Medicaid and Food Stamps. We should be strengthening the safety net, not cutting it. For that reason as well, Democrats will continue to call for the Republican leadership to suspend reconciliation indefinitely.

If reconciliation proceeds according to the Republican leadership's timetable, the eight committees instructed by the budget resolution to submit recommendations for reducing spending will be meeting in the next few weeks to consider their submissions. The eight committees are: Agriculture, Education and the Workforce, Energy and Commerce, Financial Services, Judiciary, Resources, Transportation and Infrastructure, and Ways and Means. For those of you who serve on these committees, I want to emphasize a few relevant procedural points. According to the rules and guidelines for committee reconciliation action:

- Committees must have a formal markup of legislative language, which must be open for amendment.
- Although germaneness can be required, amendments cannot be ruled out of order because they are not deficit-neutral.
- A vote to transmit a committee's submission to the Budget Committee is required.
- The committee submission must include minority views.

We will keep updating you, but throughout the process, please do not hesitate to contact me or the Budget Committee's Democratic staff if you have questions.

Yours sincerely,  
 /s  
 John M. Spratt, Jr.  
 Ranking Democratic Member

<b>Budget Resolution Reconciled Spending Cuts, 2006-2010</b> (Billions of dollars)			
<u>House Committees</u>		<u>Senate Committees</u>	
Agriculture	-3.000	Agriculture, Nutrition, and Forestry	-3.000
Education and the Workforce	-12.651	Banking, Housing and Urban Affairs	-0.470
Energy and Commerce	-14.734	Commerce, Science, and Transportation	-4.810
Financial Services	-0.470	Energy and Natural Resources	-2.400
Judiciary	-0.300	Environment and Public Works	-0.027
Resources	-2.400	Finance	-10.000
Transportation & Infrastructure	-0.103	Health, Education, Labor, and Pensions	-13.651*
Ways and Means	-1.000	Judiciary	-0.300
<b>Total, 2006-2010</b>	<b>-\$34.658</b>	<b>Total, 2006-2010</b>	<b>-\$34.658</b>

<b>Budget Resolution Reconciled Tax Cuts, 2006-2010</b> (Billions of dollars)			
<u>House Committee</u>		<u>Senate Committee</u>	
Ways and Means	70.000	Finance	70.000